

LEASE AMENDMENT

This Lease Amendment is made as of the 3rd day of September, 1996, by and between SWAN BAY HOLDINGS, INC., a Washington corporation ("Landlord" herein) and DOUGLAS MANAGEMENT COMPANY, an Alaska corporation ("Tenant" herein).

WITNESSETH:

WHEREAS, on June 30, 1995, the parties entered into a ten-year lease ("Lease" herein), of certain premises located at 7100 Second Avenue S.W., Seattle, Washington 98106, consisting of real property and improvements thereon ("Premises" herein); and

WHEREAS, the parties wish to amend the Lease to provide for a right of first refusal and purchase option;

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the parties hereby amend the Lease by adding a new section thereto which shall read as follows:

32. FIRST REFUSAL

32.1 If at any time during the term of this Lease or any extension thereof, Landlord shall choose to accept any bona fide offer to purchase the Premises or any portion thereof, Tenant shall have the option to purchase the Premises, as described below in subparagraphs 32.1.1 and 32.1.2. Notwithstanding the foregoing, Landlord may, in its sole discretion, refuse any purchase offer received from third parties without further obligation to Tenant.

32.1.1 Landlord shall immediately notify Tenant of Landlord's receipt of, and intent to accept, the offer to purchase and shall immediately provide Tenant with a copy of such offer executed by the buyer thereunder, as well as a signed irrevocable written offer of the Landlord to sell the Premises to Tenant upon the same terms and conditions as contained in the offer received by Landlord, except as to the date of closing, which shall be no earlier than sixty (60) days after Tenant's acceptance of Landlord's offer.

32.1.2 Tenant shall notify Landlord in writing within thirty (30) days of Tenant's receipt of the documents specified in subparagraph 32.1.1 above of its intent to exercise the option created by this paragraph. Landlord and Tenant shall then immediately execute an agreement of purchase and sale with respect to the Premises upon the same terms and conditions as contained in the offer received by Landlord, except as to the date of closing, as stated in subparagraph 32.1.1 above. If Tenant shall fail

to so notify Landlord, Tenant's option to purchase the Premises shall expire as to the offer to purchase then under consideration only.

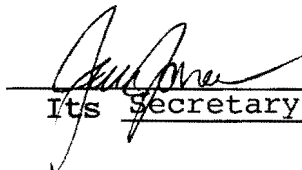
32.2 Notwithstanding anything to the contrary herein, Tenant's right of first refusal shall be exercisable only if (i) the Tenant assumes the note obligations under the Deed of Trust securing Landlord's borrowings on the Premises, and Lynden Incorporated executes a written guaranty of Tenant's obligation thereunder in form and substance reasonably satisfactory to Landlord's lender; or (ii) the secured debt is paid in full.

Except as herein expressly modified, the Lease above described is in all respects ratified, confirmed, and approved.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Amendment as of the day and year first above written.

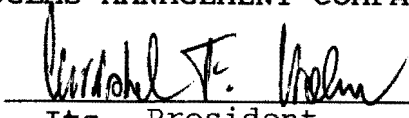
LANDLORD:

SWAN BAY HOLDINGS, INC.

By  Its Secretary & Treasurer

TENANT:

DOUGLAS MANAGEMENT COMPANY

By  Its President

STATE OF WASHINGTON)
)
COUNTY OF KING) ss.

On this 4th day of September, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Jim Jansen, to me known to be the Secretary & Treasurer of Swan Bay Holdings, Inc., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Gene Nelson
Notary Public in and for the State
of Washington, residing at Seattle.
My appointment expires: 2/18/99.

STATE OF WASHINGTON)
)
COUNTY OF KING) ss.

On this 5th day of September, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Christel F. Holm, to me known to be the President of Douglas Management Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Gene Nelson
Notary Public in and for the State
of Washington, residing at Seattle.
My appointment expires: 2/18/99.